

Message Text

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71 S

ACTION ARA-20

INFO OCT-01 ISO-00 PM-07 NSC-10 SPC-03 SS-15 RSC-01 DODE-00

AID-20 AGR-20 TRSE-00 EB-11 L-03 INR-10 CIAE-00

NSCE-00 INRE-00 SSO-00 DRC-01 (ADP) W

----- 099369

O 282239Z SEP 73

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC IMMEDIATE 5942

C O N F I D E N T I A L SANTIAGO 4713

E.O. 11652: GDS

TAGS: EAGR, EAID, EFIN, CI, US

SUBJECT: CHILEAN REQUEST FOR CCC CREDITS

REF: STATE 192327

PASS USDA/EMS FOR JOHN SHOLL

1. FOLLOWING IS INFORMAL EMBASSY TRANSLATION OF FOREIGN
MINISTRY NOTE DATED SEPTEMBER 28, 1973,
CONCERNING CCC CREDITS FOR WHEAT.

QUOTE MR. AMBASSADOR:

IN ACCORDANCE WITH CONVERSATIONS HELD WITH YOUR
EMBASSY, THE GOVERNMENT OF CHILE FORMALLY REQUESTS THE
GOVERNMENT OF THE UNITED STATES OF AMERICA TO SUPPLY A
CREDIT THROUGH THE COMMODITY CREDIT CORPORATION.

THE PURPOSE OF THIS CREDIT IS TO FINANCE THE PURCHASE
OF WHEAT WHICH OUR COUNTRY NEEDS. THE QUANTITY OF WHEAT
TO BE BOUGHT, WHICH VALUE WE MUST PAY, IS 393,400 METRIC TONS,
WITH A TOTAL COST OF US\$82,626,100, AS DETAILED IN THE
ACCOMPANYING ANNEX PREPARED BY THE AGRICULTURAL COMMERCE
ENTERPRISE --ECA.

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THE CONTRACT FOR THE PURCHASE OF THIS FOOD HAS ALREADY

BEEN ENTERED INTO WITH THOSE EXPORTERS WHICH ARE ALSO MENTIONED
IN THE ANNEX.

MY GOVERNMENT'S WISH IS TO OBTAIN THE LARGEST AMOUNT
OF FINANCING POSSIBLE OF THE ABOVE MENTIONED AMOUNT.

I WOULD LIKE TO ADVISE YOUR EXCELLENCY THAT THIS PURCHASE
OF WHEAT IS ABSOLUTELY NECESSARY TO ASSURE THE SUPPLY OF BREAD TO
THE PEOPLE OF CHILE FOR THE REMAINDER OF THIS YEAR. IF WE DO NOT
OBTAIN THIS WHEAT, CHILEANS, UNFORTUNATELY, WILL NOT HAVE BREAD,
SINCE PRESENT STOCKS ONLY AMOUNT TO A FEW DAYS' SUPPLY.

I VIEW OF THE LARGE DEFICIT IN OUR BALANCE OF PAYMENTS
AND THE URGENT NEED TO OBTAIN THIS VITAL FOODSTUFF, THE GOVERNMENT
OF CHILE WOULD VERY MUCH APPRECIATE IT IF THE GOVERNMENT OF
THE UNITED STATES WOULD CONCEDE THIS CREDIT AS QUICKLY AS POSSIBLE
FOR A PERIOD OF 36 MONTHS.

I AVAIL MYSELF OF THIS OPPORTUNITY TO RENEW TO YOUR
EXCELLENCY THE ASSURANCES OF MY HIGHEST AND DISTINGUISHED
CONSIDERATION.

I. HUERTA END QUOTE

2. THE FOLLOWING IS AN EMBASSY TRANSLATION OF THE ANNEX
PREPARED BY ECA REFERRED TO IN THE NOTE:

CONTRACTS OF E.C..A. - 1973

SUPPLIER	METRIC TONS	US\$	TE	RMS MONTH OF	TYPE(3)
				OPENING LETTER	
				OF CREDIT	
COOK	55,000	11.696,500	C-F	OCTOBER	A
COOK	59,400	15.164,000	C-F	NOVEMBER	A
COOK	115,000	21.965,000	FOB	SEP/OCT/NOV(2)	A
GARNAC	44,000	9.978,000	C-F	NOVEMBER	B
CONTINENTAL	60,000	11.898,000	FOB	SEPTEMBER	C
GARNAC	20,000	3.966,000	FOB	SEPTEMBER	C
DRYFUS	20,000	3.998,000	FOB	NOVEMBER	C

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TOTAL 393,400 82,626,100

(1) WITHOUT LOADING ON BOARD

(2) 20,000 MT SEPTEMBER

80,000 MT OCTOBER

20,000 MT NOVEMBER

(3) TYPE A-HARD WINTER#2/, DARK HARD WINTER \$/, OR YELLOW HARD #2

TYPE B-HARD WINTER #2/, NORTHERN #2/, OR DARK NORTHERN SPRING #2/
TYPE C- HARD WINTER #2/, OR DARK NORTHERN SPRING #2/

3. FOLLOWING INFORMATION SUPPLIED TO AG. ATTACHE OFFICE BY RICARDO CLARO. CURRENT WHEAT DISTRIBUTION FOR MILLING COUNTRY WIDE ABOUT 120,000 MT PER MONTH. TO REDUCE LONG BREAD LINES AND MAKE ADEQUATE SUPPLIES BREAD AVAILABLE, ESTIMATE 135,000 MT WHEAT MONTHLY WILL BE NEEDED IN FUTURE. EIGHT WHEAT VESSELS SCHEDULED ARRIVE VALPARAISO-SAN ANTONIO FROM SEPT. 24 THRU OCT. 10 WITH TOTAL 89,600 MT WHEAT. THIS INCLUDES TWO VESSELS SO. AFRICA AND TWO VESSELS U.S. WHEAT PURCHASED BY ARGENTINA WITH REMAINDER CONTRACTS U.S. SUPPLIERS. ALL ABOVE WHEAT DESTINED FOR GENERAL SANTIAGO CONSUMPTION AREA WHICH REQUIRES 71,000 MT PER MONTH. ESTIMATE NOV 1 STOCKS WHEAT FOR SANTIAGO AREA ABOUT 27,000 MT. REQUIREMENTS OUTSIDE SANTIAGO COVERED FOR OCTOBER BUT NOT FOR FUTURE. IF 393,400 MT WHEAT REFERRED TO IN GOC NOTE IS IMPORTED BY END DECEMBER, GOC WILL HAVE ENOUGH MEET REQUIREMENTS THROUGH JANUARY 1974 WHEN FIRST SHIPMENTS OF AUSTRALIAN 250,000 MT SHOULD BEGIN ARRIVE CHILE. EARLY CHILE WHEAT HARVEST DEC - JAN IS NOT EXPECTED TO EXCEED 30 - 50,000 MT.

4. RICARDO CLARO PLANS ACCOMPANY FOREIGN MINISTER TO U.S. OCTOBER 8 AND WILL BE PREPARED NEGOTIATE ANY ASPECTS CCC CREDIT. ECA WILL BE IMPORTER OF WHEAT AND CLARO AUTHORIZED NEGOTIATE ON BEHALF ECA.

5. IN ADDITION CLARO WILL BE MEETING WITH COMMERCIAL BANKS IN NEW YORK, CHICAGO AND POSSIBLY SAN FRANCISCO. WILL REPORT DETAILS IN SEPTTEL.

6. COMMENT: I RECOMMEND PRIORITY CONSIDERATION OF CHILEAN REQUEST SO THAT USG CAN ANSWER GOC EARLY NEXT WEEK. I
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BELIEVE CHILEANS WOULD LOOK UPON \$44.2 MILLION IN CCC 3 YEAR CREDITS (REF) AS A HELPFUL US RESPONSE TO THEIR SHORT-TERM NEED. WE SHOULD ALSO EXPECT, HOWEVER, THAT THEY WILL SEEK ADDITIONAL US HELP IN FINANCING WHEAT NEEDED IN NEXT FEW MONTHS.
DAVIS

NOTE BY OC/T: DISSIMINATION COORDINATED WITH S/S-O, MR. HALE.

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 28 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973SANTIA04713
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: RR
Errors: N/A
Film Number: n/a
From: SANTIAGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973091/aaaaaaqm.tel
Line Count: 162
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 73 STATE 192327
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 17 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17-Jan-2002 by boyleja>; APPROVED <12 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CHILEAN REQUEST FOR CCC CREDITS
TAGS: EAGR, EAID, EFIN, CI, US
To: SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005